

117TH CONGRESS
1ST SESSION

H. R. 4642

To amend the Internal Revenue Code of 1986 to repeal the limitation on the cover over of distilled spirits taxes to Puerto Rico and the Virgin Islands, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2021

Miss GONZÁLEZ-COLÓN (for herself and Ms. PLASKETT) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to repeal the limitation on the cover over of distilled spirits taxes to Puerto Rico and the Virgin Islands, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. COVER OVER OF CERTAIN DISTILLED SPIRITS**

4 **TAXES.**

5 (a) REPEAL OF LIMITATION ON COVER OVER OF

6 DISTILLED SPIRITS TAXES TO PUERTO RICO AND VIRGIN

7 ISLANDS.—

1 (1) IN GENERAL.—Section 7652 of the Internal
2 Revenue Code of 1986 is amended by striking sub-
3 section (f) and by redesignating subsections (g) and
4 (h) as subsections (f) and (g), respectively.

5 (2) EFFECTIVE DATE.—The amendments made
6 by this subsection shall apply to distilled spirits
7 brought into the United States after December 31,
8 2020.

9 (b) REQUIRED TRANSFER TO PUERTO RICO CON-
10 SERVATION TRUST FUND OF PORTION OF PUERTO RICO
11 RUM COVER OVER.—

12 (1) IN GENERAL.—Section 7652(a) of the In-
13 ternal Revenue Code of 1986 is amended by adding
14 at the end the following new paragraph:

15 “(4) REQUIRED TRANSFER TO PUERTO RICO
16 CONSERVATION TRUST FUND OF PORTION OF RUM
17 TAXES COVERED OVER.—

18 “(A) IN GENERAL.—From any taxes col-
19 lected on rum transported to the United States
20 that are covered into the treasury of Puerto
21 Rico under paragraph (3) at a rate equal to or
22 greater than \$10.50 per proof gallon, Puerto
23 Rico shall transfer to the Puerto Rico Con-
24 servation Trust Fund an amount per proof gal-
25 lon equal to or greater than $\frac{1}{6}$ of the difference

1 between \$10.50 and the rate, not to exceed
2 \$13.25, at which such taxes are covered into
3 such treasury. Puerto Rico's obligations under
4 this paragraph shall not modify or impair pay-
5 ment priorities established under Puerto Rico
6 law and in effect on May 21, 2021.

7 “(B) PUERTO RICO CONSERVATION TRUST
8 FUND.—For purposes of this section, the term
9 ‘Puerto Rico Conservation Trust Fund’ means
10 the fund established pursuant to a Memo-
11 randum of Understanding between the United
12 States Department of the Interior and the
13 Commonwealth of Puerto Rico, dated December
14 24, 1968.”.

15 (2) COVER OVER DETERMINED WITHOUT RE-
16 GARD TO CERTAIN RATE REDUCTIONS.—Section
17 7652(h) of such Code, as amended by subsections
18 (a) and (c), is amended by inserting “(a)(4),” after
19 “(a)(3),”.

20 (3) EFFECTIVE DATE.—The amendments made
21 by this subsection shall apply to articles containing
22 distilled spirits brought into the United States after
23 December 31, 2020.

24 (c) COVER OVER DETERMINED WITHOUT REGARD
25 TO CERTAIN RATE REDUCTIONS.—

1 (1) IN GENERAL.—Section 7652 of the Internal
2 Revenue Code of 1986, as amended by subsection
3 (a), is amended by inserting after subsection (g) the
4 following new subsection:

5 “(h) COVER OVER DETERMINED WITHOUT REGARD
6 TO CERTAIN RATE REDUCTIONS.—For purposes of sub-
7 sections (a)(3), (b)(3), and (e), the amount of taxes im-
8 posed and collected under section 5001(a)(1) shall be de-
9 termined without regard to section 5001(c).”.

10 (2) CONFORMING AMENDMENT.—Section
11 7652(e) of such Code is amended by striking para-
12 graph (5).

13 (3) EFFECTIVE DATE.—The amendments made
14 by this subsection shall take effect as if included in
15 section 13807 of Public Law 115–97.

16 (d) DETERMINATION OF AMOUNT OF TAXES COL-
17 LECTED.—

18 (1) IN GENERAL.—Section 7652 of the Internal
19 Revenue Code of 1986 is amended by striking sub-
20 section (i).

21 (2) EFFECTIVE DATE.—The amendment made
22 by this subsection shall take effect as if included in
23 section 107 of Public Law 116–260.

